



March/13

FINSOLNET CONSERVATIVE FUND

ABOUT THE PORTFOLIO

The Finsolnet Conservative Portfolio is a low risk balanced portfolio that aims to deliver superior real returns over the medium to longer term with a strong focus on active management of capital loss risk over the shorter term.

The portfolio is managed on a multi-manager basis and includes international exposure. The strategic allocation to various asset classes is set out below. Each manager appointed within a particular asset class has been selected on the basis of rigorous quantitative and qualitative analysis.

The underlying managers have been selected, mandated, monitored and reviewed by be Amadwala Asset Consulting on behalf of their clients.

The portfolio complies with Regulation 28 of the Pension Funds Act, 1956 as amended.

The portfolio is offered on a pooled and unitised basis on the Sygnia Life license.

PERFORMANCE SUMMARY

Month	12 Months	Since Inception	Large Manager Median (12 Months)
1.8%	18.8%	15.8%	21.0%

PERFORMANCE COMMENTARY

Markets took cheer from the continued economic recovery in the US where employment data, retail sales, durable goods orders and factory output continued to pick up despite the recent tax increases and the looming US government spending cuts. The positive news out of the US was offset by disappointing manufacturing and services figures from China which implied moderating growth. Soaring property prices and rising consumer inflation are also increasing the likelihood of monetary policy tightening, at a time when the recovery seems to be slowing down.

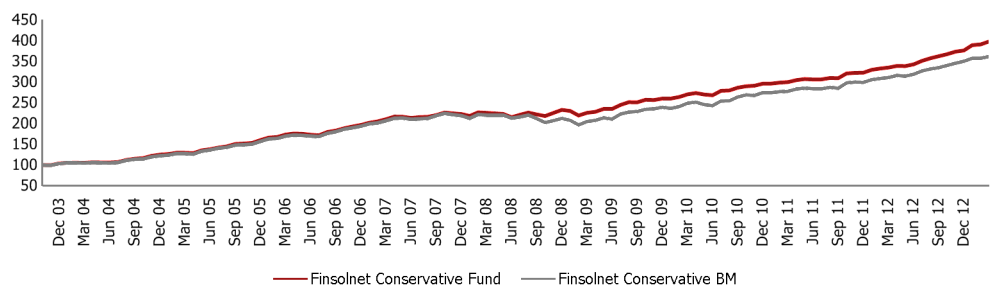
The worst news, unsurprisingly, came from the eurozone where the manufacturing sector shows no sign of a recovery, unemployment is at an all time high and inflation is falling. Most indicators now point to the recession having extended into the first quarter of 2013. At mid-month, the banking crisis in Cyprus dampened enthusiasm for risk, while the subsequent bailout terms set a worrying precedent for other struggling eurozone nations. Concerns about Italy, more bleak economic data out of the eurozone and thin trading ahead of the Easter weekend added to the negative tone. However, a seemingly orderly resolution of the crisis lifted the mood by month-end, with the S&P 500 index ending the month at an all time high.

Consumer weakness, continuing labour unrest in the mining sector and an increasingly unsustainable current account deficit contributed to the spectacular fall of the rand. The currency weakened to a four year low after South Africa's trade account deficit reached R24.5 billion in January on a significant rise in imports and a decrease in commodity exports. The rand fell further after Exxaro advised of strikes at five of its mines which supply coal to Eskom; and even further after a surprise upward revision of the Reserve Bank's estimate of the current account deficit in the third quarter of last year, and news that it remained wide in the fourth quarter at 6.5% of GDP. Month-end brought some respite after the announcement that the trade account deficit in February narrowed to R9.52 billion as exports increased while imports dropped.

The Reserve Bank left interest rates unchanged as consumer inflation rose to 5.9% year-on-year in February. South Africa hosted the fifth BRICS summit in Durban which formally agreed to create a development bank to rival Western backed institutions such as the IMF and the World Bank.

The FTSE/JSE All Share Index rose by 1.2% in March, while the BESA All Bond Index delivered 0.2%. The rand depreciated by 2.2% against the dollar.

CUMULATIVE RETURNS



HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2009	-1.1%	-4.8%	3.0%	1.1%	3.1%	0.0%	4.1%	2.7%	-0.1%	2.4%	-0.2%	1.3%	11.7%
2010	0.0%	1.5%	2.4%	1.2%	-1.3%	-0.6%	4.0%	0.3%	2.4%	1.2%	0.4%	1.7%	13.8%
2011	0.0%	0.8%	0.4%	1.6%	0.9%	-0.3%	0.1%	1.1%	-0.1%	3.7%	0.5%	0.1%	8.9%
2012	2.1%	0.9%	0.7%	1.2%	-0.1%	1.2%	2.5%	1.8%	1.4%	1.4%	1.6%	0.8%	16.6%
2013	3.4%	0.5%	1.8%										5.7%

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FUND SUMMARY

Inception (back dated):	01-Nov-03	
Inception (actual):	12-Nov-09	
Number of Months	41	
	FUND	LMM
Sharpe Ratio	0.80	0.67
Sortino Ratio	1.34	1.00

RISK ANALYSIS

	FUND	LMM
% Positive Months	73.5%	69.9%
% Negative Months	26.5%	30.1%
Best Month	5.2%	7.3%
Worst Month	-4.8%	-7.7%
Avg Negative Return	-0.9%	-1.8%
Maximum Drawdown	-5.9%	-23.8%
Standard Deviation	6.2%	9.9%
Downside Deviation	3.7%	6.7%

CORRELATIONS

	FUND	LMM
FTSE/JSE All Share Index	0.79	0.93
BESA All Bond Index	0.47	0.25

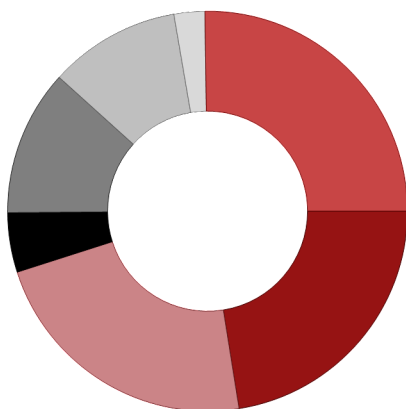
LMM = Global Large Manager Median

MARKET STRESS MONTHS

	FUND	ALSI
July 2008	2.7%	-8.7%
September 2008	-2.0%	-13.2%
October 2008	-1.7%	-11.6%
February 2009	-4.8%	-9.9%

Proforma performance numbers for periods prior to inception of the portfolio are based on actual performance of the underlying building blocks used in the portfolio. These risk and return numbers are shown to aid in the understanding of potential future performance and risk characteristics of the product.

ASSET ALLOCATION



Equities - 22.5%	TAA - 2.5%
Bonds - 22.6%	International - 25.2%
Inflation Linked Bonds - 4.8%	
Money Market - 11.8%	
Alternatives - 10.6%	

PERFORMANCE ANALYSIS

PERFORMANCE	FUND	BM	DIFFERENCE
Calendar Years			
2007	13.4%	13.2%	0.2%
2008	4.6%	-2.9%	7.5%
2009	11.7%	12.8%	-1.1%
2010	13.8%	14.7%	-0.9%
2011	8.9%	9.0%	-0.1%
2012	16.6%	17.0%	-0.4%

Periodic Performance

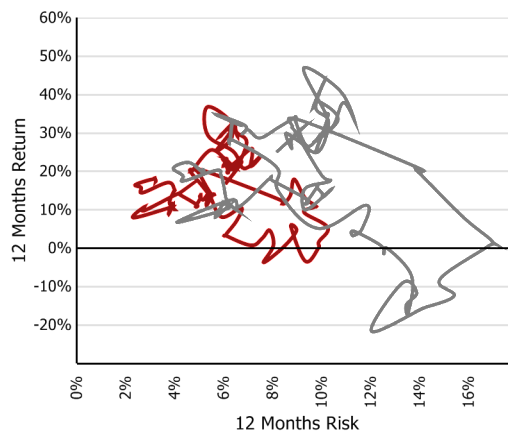
	FUND	BM	DIFFERENCE
1 month	1.8%	1.2%	0.6%
3 month	5.7%	3.3%	2.4%
6 month	9.8%	8.1%	1.7%
Year to date	5.7%	3.3%	2.4%
1 year	18.8%	16.3%	2.4%
2 year	15.2%	14.1%	1.0%
3 year	13.7%	13.3%	0.5%
5 year	12.0%	10.4%	1.5%

FUND SENSITIVITY TO EQUITY MARKET



This scatterplot indicates the extent to which fund returns are correlated with those of the equity market.

12 MONTHS RISK/RETURN SNAIL TRAIL



— Finsolnet Conservative Fund
— Global Large Manager Median

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